



Service Quality and Hotel Ratings: Comparing the Ratings by the Hotel Owners, Government Authority, Online Travel Agents and Customers

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Abstract

Hotel ratings often serve as the basis for service expectation, as they denote a certain standard of service that customers are likely to get. There are over a “hundred hotel rating systems worldwide which may have the effect of confusing customers when selecting a hotel. This is particularly true in Ethiopia as similar hotel has been given different ratings by different authorities. The aim of this article is to examine the relationship between service quality and hotel ratings by owners, government authority, online travel agents and the customers in Ethiopia. The study used the stratified cluster sampling method. Hotel guests were first clustered under the hotels they stayed in and the hotels were stratified based on their ratings. From a targeted sample of 1200 hotel guests, 415 completed the HOTSPERF module instrument’s questionnaire. The instrument was created using exploratory factor analysis using SPSS and tested for its reliability and validity using Cronbach Alpha co-efficient and confirmatory factor analysis. The various inferential statistical test results indicated that there was no significant difference in the mean score for service quality between the four hotel ratings by the different agents/groups. There were also no significant differences in the different hotel rating systems and its effect on service quality. This is an indication that irrespective of the agency or group that rated the hotels, the service quality seems to be similar. Hence, hotels need to monitor all sources of hotel ratings and try to meet the service expectations of those ratings. This requires hotels to align their standard of service delivery to their highest ratings by different authorities or their customers.

Keywords: hotel, service quality, grading, rating, star

Introduction

The term “hotel rating” is sometimes referred to as “hotel grading” or “hotel classification”, and is often used to classify hotel establishments according to different attributes (UNWTO, 2014b). According to reports by the UNWTO and IH&RA (2004), the “hotel rating systems were created with the purpose of protecting consumers”. Currently, competitive marketing pushes local and international hotels to seek standardisation and to develop tools and strategies to ensure service quality (Hung and Lin, 2012). One of the requirements for hotels is a reliable rating system which ranks and certifies the hotels’ quality, including their facilities and services, as meeting a certain



international level (UNWTO, 2014a). However, there are over a hundred hotel rating systems that are reported worldwide resulting in the confusion of customers when selecting hotels (Basak and Law, 2010). In addition to this, OTAs and tour operators use their own rating systems in order to facilitate selection of hotels for their clients mainly through negating the traditional hotel standard ratings (Leung, Lee and Law, 2011). This confuses customers when choosing a hotel, particularly when the same hotel has been assigned different ratings (Daily, 2015). Hotel ratings are often the basis in which a certain standard of service is expected (Zeithaml, Bitner and Gremler, 2009).

Up until July 2015, Ethiopian hotels awarded their own 'generous' star ratings, without basing them on any "international" standards (Gobena and Gudeta, 2013). This non-adherence to international rating standards by the hotels affected customers, as it created higher service expectations, which may not have been met (Madani, Mohsen and Sarafizadeh, 2012). These four major systems are representative of the characteristics of hotel rating systems commonly used throughout the world. The systems selected may not be exhaustive in terms of their geographical representation, but they all represent the characteristics of hotel systems discussed in section 2.2.3, and they truly serve to illustrate certain international practices in terms of the scope of this study.

When customers book a hotel based on its ratings, they have a certain expectation of the level of service that the hotel is likely to provide (Zeithaml et al., 2009). If the hotel service meets their expectations, consumers will be happy and satisfied. Service quality is concerned with a broader understanding of service expectations, where respondents are looking for what they expect from a service provider (Motwani and Shrimali, 2013). Beard (2013) views customer service expectation as a belief about service delivery that serves as a standard or reference against which performance is judged. Knowing what the hotel customers expect as a result of the hotel's rating, is the first and most critical step in delivering a quality service, and misjudging what customers expect can mean losing the customers to competitors (Kim-Soon, Rahman and Visvalingam, 2014). This means that any variation between customers' expectations and their real experiences influences customers' satisfaction (Po-Hsuan, Ching-Yuan and Cheng-Kai, 2014, Kim-Soon et al., 2014, Wael Hassan, 2013, Al-Ababneh, 2013, Razi, Siddiquei, Awan and Bukhari, 2012, Mohajerani and Miremadi, 2012, AbuKhalifeh and Som, 2012).

The pioneers, in service marketing, Parasuraman, Zeithaml, and Berry (1994), define expectation as the desire or need of consumers, and the consumers' understanding of service quality as arising from the difference between their expectations and their real experience. When customers book a hotel based on its ratings, they have an expectation of the level of service that the hotel is likely to provide (Wu, Huang and Chou, 2014). If the service they received is similar to their expectations, consumers will be happy and satisfied (Li and Jarinto, 2012). Customers perceive service in terms of the quality of the service and how satisfied they are with their overall experiences (Prentice, 2013). Perceptions are always considered relative to expectations (AbuKhalifeh and Som, 2012, Al-Ababneh, 2013, Boon-Liat and Md. Zabid Abdul, 2013). This is due to the dynamic nature of expectations, and the evaluation may shift over time from person to person and from culture to culture (Olgun, Dortyol, Zührem and Gulmez, 2013).

Service quality is the consumers' judgment of the excellence and superiority of the service provided by service establishments. According to Razi et al. (2012), the determinants of service quality vary in relation to how big a hotel is. Differences were found in customers' ratings of several operational factors (personal service, friendliness, standard and tangibles), with the exception of value for money and depending on the size of the hotel (Kim, Holland and Han, 2013). In the hotel industry, perceptions of service quality are formed when guests experience



particular feelings and attitudes during their hotel stay (Boon-Liat and Md. Zabid Abdul, 2013). In other words, guests will have certain perceptions of the hotel service quality depending on these services offered to them and the experiences they have undergone. Many researchers (Dedeoglu, Demirer, Okumus and Okumus, 2015, Wu et al., 2014, Torres, 2014, Po-Hsuan et al., 2014, Kim-Soon et al., 2014, Khan and Fasih, 2014, Hyun Soon, Zhang, Dae Hyun, Chen, Henderson, Min and Haiyan, 2014, Mbuthia, Muthoni and Muchina, 2013, Sanchez-Gutierrez, Gonzalez-Urbe and Coton, 2011) also posit that customer satisfaction results from the degree of perceived service quality. The higher the perceived service quality, the more satisfied the customers are, which in turn creates loyalty and results in customers returning to the hotel and also recommending it to others (Keith and Simmers, 2013, Gbenga and Osotimehin, 2015, Moisescu and Gica, 2013, Alrousan and Abuamoud, 2013, Kursunluoglu, 2011, Lin, 2005). Vij (2012) summarised the implications by stating that loyal customers are likely to purchase additional services, spread positive news through word of mouth, and pay higher prices, but they are also likely to improve service efficiency due to the experience curve effect. Against the overview of the literature presented above, this study aims to thoroughly examine the relationship between service quality and different hotel ratings in the hotel industry in Ethiopia.

Methodology

The target population was all hotel guests staying in star-rated¹ hotels in Ethiopia for one night or more, at the time of the research study. It was impossible however to obtain a list of all hotel guests at rated hotels in Ethiopia, from which a random sample could be selected. Due to this fact stratified cluster sampling was used whereby; customers were clustered under the hotels that they stayed in, and stratified according to the hotels' ratings.

The hotel ratings were used as strata forming five strata, from which a random sample of 40 hotels was selected. A total of 1200 guests were selected from the 40 hotels, using systematic random sampling through giving questionnaires to every other (second) customer at check-in, until a total of 30 guests were reached.

The survey method using a self-administered questionnaire was considered appropriate, due to the volume of data that was needed to be collected and analysed quantitatively to assess the research model.

The first section focused on biographic information, followed by the second and third sections which were designed, based on a modified version of the attribute-based measurement instrument known as SERVQUAL (Parasuraman, Berry and Zeithaml, 1991) and HOTSPERF (modified version of SERVPERF, Cronin and Taylor, 1994).

The fourth section focused on customer satisfaction and loyalty questions which were based on past studies (Kursunluoglu, 2011, Kandampully and Suhartanto, 2000). The SPSS Version 23 was used to conduct descriptive analysis, exploratory factor analysis (EFA), correlations, analysis of variance (ANOVA), and multiple linear regression, while Stata Version 13.1 was used for confirmatory factor analysis (CFA) and structural equation modelling (SEM). Since this research was guided by the hypotheses, both descriptive and inferential analysis (Wilson, 2014) were conducted.



Findings

Validity of the Research Instrument

Factor analysis was conducted using Principal Component Analysis (PCA) to validate the service quality perceptions instrument. However, prior to performing PCA, the suitability of the data for factor analysis was assessed using the KMO and Bartlett's test. Inspection of the correlation matrix for the service perception matrix revealed that many coefficients were above 0.4.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.969
Bartlett's Test of Sphericity	Approx. Chi-Square
	8927.953
	Df
	351
	Sig.
	.000

Table 1 shows that the Kaiser-Meyer-Olkin value (0.969) for the service perceptions exceeded the recommended value of 0.6 Kaiser (1974), and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($p=.000$), supporting the factorability of the correlation matrix. PCA revealed three components with eigenvalues exceeding 1. The perception component scores were 55.756%, 5.622% and 3.778% for component 1, 2 and 3 of the variance respectively (Table 2)

Table 2: Extract of the Variance Explained Among Perception Factors

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	15.054	55.756	55.756	15.054	55.756	55.756	13.811
2	1.518	5.622	61.378	1.518	5.622	61.378	10.507
3	1.020	3.778	65.157	1.020	3.778	65.157	5.959
4	.862	3.194	68.351				
5	.803	2.974	71.324				

Extraction Method: Principal Component Analysis.

Further analysis using Cattell (1966) scree test guidelines, resulted in two components being retained for further investigation. This was further supported by result of parallel analysis, which showed that only two components with eigenvalues exceeding the corresponding criterion values for a randomly generated data matrix of the same size. The two component solution explained in Table 3 reveal a total of 61.38% variance for service perceptions.

Table 3: Extract of Variance Explained for Service Perception Factors



Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	15.054	55.756	55.756	15.054	55.756	55.756	13.965
2	1.518	5.622	61.378	1.518	5.622	61.378	12.375
3	1.020	3.778	65.157				
4	.862	3.194	68.351				
5	.803	2.974	71.324				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

To assist in the interpretation of these two components, Oblimin with Kaiser Normalization rotation was performed. The rotated solution in Table 4 revealed the presence of a simple structure with both components showing a number of strong loadings, except for two items, namely, “the hotel performs service right the first time” and “the hotel is in a convenient location” which did not load on any of the components.

Table 4: Pattern Matrix of Service Quality Perception Factors

	Component	
	1	2
The staff provided personal attention to you	.909	
The staff offer help (e.g. If the receptionists ask you if they can help)	.906	
The staffs are friendly	.899	
The hotel has your interest at heart	.856	
The staffs are dealing with you in a caring fashion	.851	
The staffs are willing to help you when you needed help	.822	
The staffs have knowledge of your specific interest.	.813	
The staffs are responsive to your request	.787	
The staffs have the ability to in-still confidence in you	.704	
The staffs have product knowledge of the hotel information	.703	
The staffs make you feel safe and secured during your stay	.663	
The hotel provides prompt service to you at all times	.662	
The hotel keeps you informed about when the service will be performed (e.g. The receptionist informed you breakfast time at check-in)	.641	
The hotel provides the service at the time promised.	.515	
The hotel provides an accurate information about their service	.467	
The hotel has modern and comfortable furniture		.873
The physical features is visually appealing		.803
The hotel has an attractive lobby		.774



The bathroom and toilet are hygienic		.702
Materials associated with the service are visually appealing in the hotel		.701
The room was clean		.678
The hotel has a swimming pool, saunas and gym		.639
The rooms are spacious		.609
The appearance of the staff uniform is neat and professional		.585
The hotel provides complementary items (e.g. WIFI)		.560
The hotel performs service right the first time	.409	.418
The hotel is in a convenient location		

Extraction Method: Principal Component Analysis.
 Rotation Method: Oblimin with Kaiser Normalization.

These two items were dropped from the analysis, and a third EFA was conducted and the result was shown in Table 5 with 25 attributes.

Table.5: Revised Pattern Matrix for Service Quality Perception Factors

	Component	
	1	2
The staff offer help (e.g. If the receptionists ask you if they can help)	.908	
The staffs are friendly	.906	
The staff provided personal attention to you	.903	
The staffs are dealing with you in a caring fashion	.850	
The hotel has your interest at heart	.850	
The staffs are willing to help you when you needed help	.826	
The staffs have knowledge of your specific interest.	.804	
The staffs are responsive to your request	.794	
The staffs have the ability to in-still confidence in you	.710	
The staffs have product knowledge of the hotel information	.704	
The staffs make you feel safe and secured during your stay	.668	
The hotel provides prompt service to you at all times	.660	
The hotel keeps you informed about when the service will be performed (e.g. The receptionist informed you breakfast time at check-in)	.639	
The hotel provides the service at the time promised.	.526	
The hotel provides an accurate information about their service	.475	
The hotel has modern and comfortable furniture		.880
The physical features is visually appealing		.811



The hotel has an attractive lobby	.775
Materials associated with the service are visually appealing in the hotel	.701
The bathroom and toilet are hygienic	.683
The room was clean	.665
The hotel has a swimming pool, saunas and gym	.636
The rooms are spacious	.593
The appearance of the staff uniform is neat and professional	.567
The hotel provides complementary items (e.g. WIFI)	.547

Extraction Method: Principal Component Analysis.
 Rotation Method: Oblimin with Kaiser Normalization.
 a. Rotation converged in 6 iterations.

The items from four of the SERVQUAL measurement dimensions (Reliability, Responsiveness, Assurance and Empathy) loaded on the first component (factor 1) hereafter referred to as Perception_Intangibles, and the second component (factor 2) hereafter referred to as Perception_Tangibles. The Perception_Tangibles dimension had loaded on to 10 attributes, while Perception_Intangibles contained 15 of the 25 measurement attributes. Furthermore, the component correlation matrix in Table 6 revealed a strong correlation between Perception_Intangibles and Perception_Tangibles factors (dimensions) ($r = .726$).

Table6: Component Correlation Matrix for Service Quality Measurements

Component	1	2
1 Perception_Intangible	1.000	.726
2 Perception_Tangible	.726	1.000

Extraction Method: Principal Component Analysis.
 Rotation Method: Oblimin with Kaiser Normalization.

Source: Primary data

The extraction of the two components was not in line with Parasuraman et al.'s (1985) SERVQUAL measurement instrument, but similar to the findings of other studies, namely, HOLSERV with 3 dimensions and 30 attributes, LODGESERV with 5 dimensions and 26 attributes, and DINESERV with 5 dimensions and 22 attributes (Wong Ooi Mei, Dean and White, 1999, Wei, 2009). Hence, based on the EFA, the two factors (Perception_Intangibles and Perception_Tangibles), hereafter are called intangibles and tangibles, seem to be important dimensions to evaluate when analysing the relationship between service quality and hotel ratings.

Table 6: Reliability of the Measurement Instrument



Measuring scales	Cronbach's Alpha	No. of Items
Intangibles	.962	15
Tangibles	.906	10

Source: Primary data

Source of Hotel Rating Information

Figure 1 shows that nearly 40% of the respondents obtained information on the rating of the hotel from their websites. This was followed by 24.82% of who obtained their information from online travel agents' websites, 18.1% from online guest comments, 12.8% from the official hotel rating directory, and 8.4% from other sources

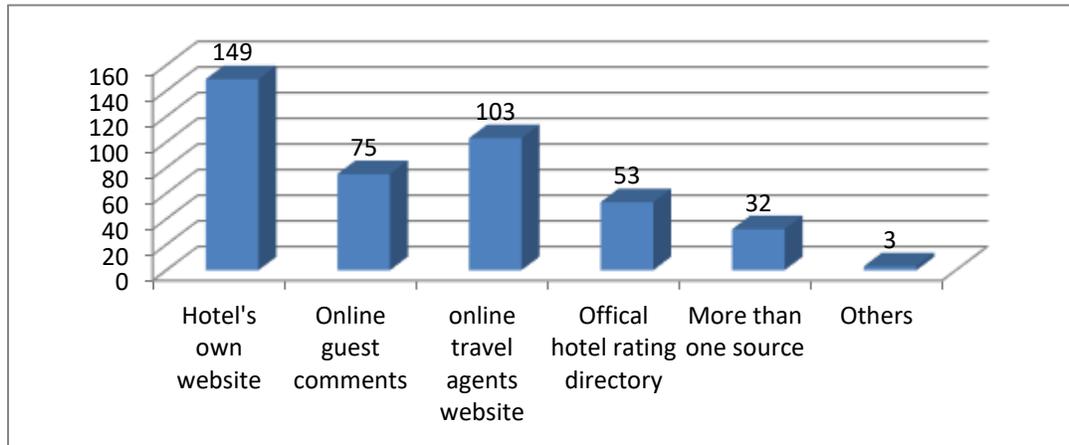


Figure 1: Source of Hotel Rating Information Source: Primary data

Service Quality and Hotel Ratings

In 2015, the Ministry of Culture and Tourism (MoCT) of Ethiopia rated the hotels in the country from one to five stars by adopting the WTO rating standards, and this was referred as hotel ratings by the 'Authority' (Hailesilasse, 2013). The relationship between the hotel ratings by the 'Authority' and customer service quality is reflected in Table 8.

Table 8: Service Quality and Hotel Ratings by Government Authority

Mean	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
					Lower Bound	Upper Bound			
Expectation	1 Star	41	2.9584	.51992	.08120	2.7943	3.1226	2.07	3.93
	2 Stars	119	3.6645	.97077	.08899	3.4883	3.8407	.00	5.00
	3 Stars	159	3.7601	.66808	.05298	3.6554	3.8647	.00	5.00
	4 Stars	79	3.6549	.80269	.09031	3.4752	3.8347	.00	4.81



	5 Stars	17	4.6057	.28687	.06958	4.4582	4.7532	3.63	4.89
	Total	415	3.6681	.82395	.04045	3.5886	3.7476	.00	5.00
Perception	1 Star	41	3.0208	.50641	.07909	2.8609	3.1806	2.37	4.19
	2 Stars	119	3.8500	.92195	.08451	3.6826	4.0173	.00	5.00
	3 Stars	159	3.7845	.67859	.05382	3.6782	3.8908	.00	4.96
	4 Stars	79	3.6624	.79756	.08973	3.4838	3.8411	.00	5.00
	5 Stars	17	4.6993	.24423	.05924	4.5738	4.8249	3.93	5.00
	Total	415	3.7421	.81200	.03986	3.6637	3.8204	.00	5.00
Service Quality	1 Star	41	.0624	.28675	.04478	-.0281	.1529	-.93	.67
	2 Stars	119	.1861	.69579	.06378	.0598	.3124	-1.93	2.89
	3 Stars	159	.0240	.42146	.03342	-.0420	.0900	-1.81	1.00
	4 Stars	79	.0077	.29668	.03338	-.0587	.0742	-.70	1.07
	5 Stars	17	.0941	.14517	.03521	.0195	.1688	-.22	.30
	Total	415	.0741	.48638	.02388	.0271	.1210	-1.93	2.89

Source: Primary data

It is evident from Table 8 that there was no relationship between the customer's service expectations, service perceptions and perceptions of service quality, and the hotel ratings by Authority. The mean score for customer service expectations in 4 star hotels was less than the mean score of their service expectations of 2 and 3 star hotels. Likewise, the mean score of service perceptions were ranked in the order of 5, 2, 3, 4 and 1 in terms of the ratings of the hotels by the 'Authority.' The service quality score was the highest in the 2 star hotels followed by 5, 3, 1 and 4 star hotels. However, the service quality 'Gap' scores for all-star levels were positive indicating that the customers' service perceptions, based on the hotel ratings by authority, were higher than their service expectations. There was no relationship between the hotel ratings by the 'Authority' and service quality ($r = -.084, p > .05$) and as indicated on Table 9, there was a statistically significant relationship between the hotel ratings by the 'Authority' and the hotel customers' service perceptions ($r = .22, p < .001$), and service expectations ($r = .26, p < .001$).

Table 9: The Relationship between Service Perception, Expectation, Service Quality and Hotel Ratings

	Rating	Perception	Expectation	Service quality
Ratings	1	0.22 **	0.26 **	-0.084
Perception		1	0.82 **	0.27 **
Expectation			1	-0.32 **
Service quality				1

** $p < .001$ (2-tailed)

Source: Primary data

Online travel agencies rated the hotels from 1 to 4 stars only (Table 10). These agencies were reluctant to rate independent and local hotels in Ethiopia as five stars. There was only one Chain hotel in this study which was rated by the owners and by online travel agents as a 4 star hotel, while the 'Authority' rated it as a 3 star establishment.



Service expectations of guests who stayed in 2 star hotels were not met as is evident by their negative perceptions of service quality. The mean score of the service expectation of 2 star hotels was higher than that of the 3 star hotels. Similarly, the mean score of the perception of 1 star hotels was also higher than that of 2 star hotels the quality of which was negative. The service quality of the 2 star hotels was negative. The other observation was that the service quality of the 1 star hotels was higher than that of the 2 and 3 star hotels.

Table 10: Service Quality and Hotel Rating by Online Travel Agents

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
					Lower Bound	Upper Bound			
Mean of Expectation	1 Star	25	3.6163	.74127	.14825	3.3103	3.9223	2.00	4.52
	2 Stars	47	3.6351	.67068	.09783	3.4382	3.8321	2.11	4.74
	3 Stars	175	3.5678	.78449	.05930	3.4508	3.6849	.00	5.00
	4 Stars	168	3.7895	.90158	.06956	3.6521	3.9268	.00	5.00
	Total	415	3.6681	.82395	.04045	3.5886	3.7476	.00	5.00
Mean of Perception	1 Star	25	3.7378	.60367	.12073	3.4886	3.9870	2.59	4.59
	2 Stars	47	3.5760	.76929	.11221	3.3502	3.8019	1.00	4.81
	3 Stars	175	3.6040	.82315	.06222	3.4812	3.7268	.00	5.00
	4 Stars	168	3.9330	.80547	.06214	3.8103	4.0557	.00	5.00
	Total	415	3.7421	.81200	.03986	3.6637	3.8204	.00	5.00
Service Quality	1 Star	25	.1216	.42593	.08519	-.0542	.2974	-1.07	.70
	2 Stars	47	-.0574	.47237	.06890	-.1961	.0812	-1.93	.96
	3 Stars	175	.0363	.39271	.02969	-.0223	.0949	-1.81	1.00
	4 Stars	168	.1432	.57160	.04410	.0561	.2302	-1.59	2.89
	Total	415	.0741	.48638	.02388	.0271	.1210	-1.93	2.89

Source: Primary data

As indicated in Table 11, there were positive relationships between the hotel ratings by online travel agents and customers' service perceptions ($r = 0.214$, $p < 0.001$) and service expectations ($r = 0.152$, $p < 0.001$).

Similar to the hotel rating by the 'Authority,' there was no relationship between the hotel rating by the online travel agents and the service quality ($r = 0.056$, $p > .05$).

Table 11: Hotel Rating by Online Travel Agents and Customer Service Perceptions, Expectations and Service Quality

1. Ratings by online TA	1	0.214 **	0.152 **	0.056
2. Perception		1	0.813 **	0.257 **
3. Expectation			1	-0.265 **
4. Service Quality				1

** $p < .001$ (2-tailed)



Source: Primary data

The relationship between the service quality and hotel ratings by the owners of 3 to 5 star hotels is shown in Table 12. The hotel ratings by the ‘Authority’ and customers ranged from 1 to 5 stars, while the online travel agents only allocated 1 to 4 star ratings. This was an indication that hotels with less than 3 star quality seem to be generously rated by their owners.

Furthermore, as indicated in Figure 1, the majority (35.9%) of the respondents obtained information on hotel ratings from the hotels’ own websites. Hence, customers who made their bookings based on the hotels’ websites may have had higher expectations of service than what they actually experienced.

Table 12: Service Quality and Hotel Rating by Hotel Owners

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Mean of Expectation	3 Stars	199	3.5425	.83844	.05944	3.4253	3.6597	.00	5.00
	4 Stars	155	3.7384	.76387	.06136	3.6171	3.8596	.00	5.00
	5 Stars	61	3.8992	.86459	.11070	3.6778	4.1206	.00	4.89
	Total	415	3.6681	.82395	.04045	3.5886	3.7476	.00	5.00
Mean of Perception	3 Stars	199	3.6810	.77148	.05469	3.5732	3.7888	.00	5.00
	4 Stars	155	3.7484	.82549	.06630	3.6174	3.8794	.00	5.00
	5 Stars	61	3.9253	.88867	.11378	3.6977	4.1529	.00	5.00
	Total	415	3.7421	.81200	.03986	3.6637	3.8204	.00	5.00
Service Quality	3 Stars	199	.1387	.56455	.04002	.0598	.2176	-1.93	2.89
	4 Stars	155	.0099	.44007	.03535	-.0599	.0798	-1.81	1.22
	5 Stars	61	.0262	.23803	.03048	-.0347	.0872	-.67	.67
	Total	415	.0741	.48638	.02388	.0271	.1210	-1.93	2.89

Source: Primary data

The mean scores for customers’ service expectations and perceptions had proportionally increased with the increase in the hotel ratings by the owners, unlike the ratings by the other agencies. In all cases, the highest rated hotels had the highest mean score for service expectations, implying that there was a relationship between the hotel rating and customer service expectations and perceptions. However, the service quality score for the 3 star hotels were higher than that of both the 4 and 5 star hotels. This was an indication that there was no relationship between the hotel ratings by the owners and the service quality the customer perceived, as was the case with the service expectations and perceptions. The relationship among the three hotel ratings was further tested using the Pearson’s coefficient in Table 13.



Table 13: Relationship among the Hotel Ratings

		Ratings by the hotel owners	Ratings by the Ethiopian Authority	Ratings by online Travel Agents
Ratings by the hotel owners	Correlation Coefficient	1.000	.686**	.277**
	Sig. (2-tailed)		.000	.000
	N	415	415	415
Ratings by the authority	Correlation Coefficient	.686**	1.000	.175**
	Sig. (2-tailed)	.000		.000
	N	415	415	415
Ratings by online travel agents	Correlation Coefficient	.277**	.175**	1.000
	Sig. (2-tailed)	.000	.000	
	N	415	415	415

Correlation is significant at the 0.01 level (2-tailed).** Source: Primary data

The results in Table 13 clearly indicate that there were significant relationships between the hotel ratings by the three different agencies ($p < 0.01$). Furthermore, the ANOVA test was conducted to determine the mean differences between service quality perceptions and the rating by three different bodies (Table 14). Ratings by the hotel owner/managers ($p = .658$), Authority ($p = .768$), and online travel agents ($p = .119$), show that there is no significant difference in the mean scores of the perceived service quality.

Table 14: Analysis of Variance of Service Quality and the three Hotel Ratings Source: Primary data

		Sum of Squares	Df	Mean Square	F	Sig.
Ratings by hotels owners	Between Stars	30.722	64	.480		.916
	Within Stars	183.389	350	.524		
	Total	214.111	414			
Ratings by authority	Between Stars	55.241	64	.863		.848
	Within Stars	356.099	350	1.017		
	Total	411.340	414			
Ratings by online TA and Others	Between Stars	55.912	64	.874		1.238
	Within Stars	246.941	350	.706		
	Total	302.853	414			

Source: Primary data

Discussion and Recommendations

Overall, there were similar results in the relationship between different hotel ratings and service quality. The results revealed that there was no relationship “between the customers’ expectations and perceptions of service quality, and the hotel ratings by the relevant grading authorities in Ethiopia. The mean score of expectations of customers of four-star hotels was less than the mean score of their expectations of two and three-star hotels. The service quality score was highest for two-star hotels, followed by five, three, one and four-star hotels. The service quality Gap scores



for all star levels were positive, indicating that the customers' perceptions, based on the hotel ratings by the relevant Ethiopian authorities, were higher than their expectations.

Ratings by the OTAs showed no relationship with the customers' service quality perceptions. Service expectations of hotel guests who stayed in two-star hotels were not met, as there was a negative perception of the service quality. The mean score of service expectations for two-star hotels was higher than that of three-star hotels. Similarly, the mean score of the service perception of one-star hotels was higher than that of two-star hotels. The overall service quality for two-star hotels was negative. Another observation was that the perception of service quality of one-star hotels was higher than both two and three-star rated hotels. This indicates that there was no relationship between the hotel rating by OTAs and the perceived service quality.

The relationship between service quality perceptions and hotel ratings by the owners themselves was not significant. Hotel owners rated their hotels from three-star to five-star, while the hotel ratings by the Authority and by customers ranged from one to five stars. The OTAs rated hotels from one to four-star. This was an indication that hotels with less than three-star quality were generously rated by their owners. Hence, customers who made their bookings based on information from the hotels' websites may have had higher service expectations than the level of service they actually experienced. The mean scores for service expectation and perception increased proportionally with the increase in hotel ratings by owners, unlike ratings by the Authority and the OTAs. In all hotel rating systems, the highest rating had the highest mean score of service expectations. This was an indication that there was a positive relationship between the hotel ratings and service expectations and perceptions; however, the service quality scores for three-star hotels were higher than those of both the four and five-star hotels. This was in line with the study by Su and Sun (2007) on Taiwanese hotels, and the study by Narangajavana (2007) on hotels in Thailand, who indicated that there was no relationship between the hotel ratings and the service quality, even though there was a relationship between service expectations and perceptions.

As a way of confirmation, the ANOVA test results indicated that there was no significant difference in the mean score for service quality between the three hotel ratings by different agents. In line with the above argument, there were no significant differences in the different hotel rating systems. This is an indication that irrespective of the agency that rated the hotels, the effect of hotel ratings on the service quality seems to be similar. Hence, hotels need to monitor all sources of hotel ratings and try to meet the service expectations of those ratings. Alternatively, they may need to adjust their ratings and align it with their standard of service delivery.

With respect to the relationships between different hotel ratings (Objective 4), in all cases there was a significant positive relationship between the ratings and the customers' service expectations and perceptions. There was no significant relationship between the hotel ratings by the different agencies and customers' service quality perceptions. This means that regardless of where the customers obtained their rating information, the rating affected their service expectations and service perceptions. This finding is particularly worth noting for the hotel owners and managers, as hotel ratings that are outside their control (such as OTA or eWoM) could affect their customers' service expectations and perceptions, and unmet service expectations could lead to dissatisfied customers and have a negative impact on customer loyalty.



Recommendations on hotel ratings

In various sections of this thesis, it was emphasised that if hotels are not rated according to international standards, it will affect the customers' service expectations. This may lead to lower service quality perceptions and poor satisfaction, which may in turn lead to non-repeat business. Hotel managers and owners need to map their ratings according to international standards to avoid promising more than they can deliver and instead make realistic promises that can meet and even exceed customers' expectations. Ethiopia's MoCT (the Authority) uses star ratings that are not properly promoted and explained to the hotels' management and staff, or most importantly, to the customers. It is therefore recommended that the Ethiopian Authority conduct continuous awareness programmes and seminars for hotel owners, managers and relevant staff, so that they fully understand the rating system. It may also be a good idea to incorporate knowledge of the hotel rating system into the curricula of hotel schools and hospitality training institutes in Ethiopia. It is further recommended that an inspection of the hotels be carried out annually by both the Authority and the Ethiopian Hotel Owners Association, to ensure that standards are maintained. This will enable all stakeholders to participate and provide a consistently applied monitoring system over time. Furthermore, as increasing numbers of customers are using online ratings to inform their selection of hotels, the MoCT needs to consider integrating their rating system with the online rating systems.

The ratings and guest comments on OTAs' websites are out of the control of the hotel owners and the Authority. Hotel owners need to monitor these websites on a regular basis for opinions/comments on their hotels. They need to respond to every negative and positive comment in a professional manner. In order to engage with dissatisfied customers, hotel managers need to devise a service recovery policy with mechanisms in place for redress of service delivery issues, as negative comments that are not attended to and resolved may create a negative personal WoM and eWoM that may influence potential guests.

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